

How do we **navigate** a changing world?

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In an increasingly uncertain world, asking the right questions can be as important as knowing the answers. Founded on quality and acting with resilience, PricewaterhouseCoopers is working closely with our people, our clients and the community to develop new insights and identify the opportunities that will secure a sustainable future.

To my partners, our staff, clients and friends

Welcome to our Australian Annual Review for the 2009 financial year. Little did I know when I became CEO on 1 July last year what was in store. What a year it has been!

Our credible performance in FY09 could not have been achieved without the stellar efforts and support of our people, who worked admirably to do our best for clients and the firm. I am deeply grateful for their efforts and the support they have shown.

The global financial crisis

Though there were signs of a liquidity problem in parts of the global financial system in the latter part of 2007, few, if any, foresaw the extent of the system's collapse and the ensuing economic decline. While actions of government and others appear to have stabilised the crisis, the world has changed in significant ways. Witness the extent of government intervention in business ownership, increased regulation and oversight; the decline of complex, highly geared business models; the restructuring of entire industries; and the end, for now at least, of the easy credit of the previous decade.

But what an opportunity this presented for me and my team, and Australian businesses generally, to finesse how best we can work with our clients to build truly competitive global businesses.

Australia and our firm – thanks in part to a mining boom, a robust financial system and the buffer of a federal budget surplus – entered the worst global recession in 80 years from a position of strength. During the early months of FY09, PwC's performance was outstanding. In the latter part of the year, like many, we began to feel strongly the impacts of a rapidly softening economy. The effects were partly offset by strong performance in the counter-cyclical parts of our business, such as our growing and successful corporate restructuring and economics teams. We finished the year with modest revenue growth of just over 1 per cent, which was still an achievement and another record revenue year for our firm.

Challenge and opportunity

Throughout the year I met with CEOs and senior executives from many organisations. I was struck by how many were in agreement that these difficult times were as much about opportunity as they were about challenge. These discussions also reaffirmed my sense that if we are flexible and listen closely, there are excellent opportunities for us to collaborate with clients to achieve mutual success using the full power and – at times under-utilised – breadth of this firm's resources.

The rapid shifts in the world around us have definitely helped create a burning platform for both organisational change and a more genuine focus on opportunities that deliver the greatest value. Those with the hunger and determination to seize the agenda at times like these ensure their organisations are agile and able to emerge from tough times stronger than when they went in. This has been, and remains, our aim for our clients and ourselves.

Our focus

This year we took care to have a close look at what business was feeling about the professional services industry. While there were many positives, to be frank, the picture painted was not always as flattering as our industry, and we, would have liked. Those insights are helping us to evolve our business to focus more on collaborative relationships, to be more progressive and questioning, as well as agile and empathetic.

Our aim is to drive sustainable growth through clear decisions about who we serve, what we offer and what we are like to work with. While it has required some internal restructuring to simplify and target our focus, these changes position us well to enhance networking across our teams and within the marketplace for the benefit of our clients. We have also aligned our client relationship, market, brand and cultural initiatives. Our new development curriculum will enlighten and reinforce them all. In professional services, the client experience is everything and our audacious goal over the next few years is to perfect it.

We made a number of acquisitions to better serve our clients in the areas of strategic and operations consulting, economics, estate planning, franchise management and debt and capital advisory. Throughout this year, through acquisitions, recruitment and promotion, we welcomed 37 new partners to the firm. We also continued to invest in developing new solutions, and refining and improving our traditional offerings. You will see more projects, designed to build new and better business models and enhance our brand, unfold over the next year.

CEO Perspective

A year of achievement

As CEO, one of my top priorities for our firm is finding, inspiring, developing and retaining great talent, recognising that it is ultimately individual and team behaviours that shape our firm's culture and support the success of our clients. Underpinning this is a philosophy of continuous improvement. Our talent management strategy guides the future development, retention and succession plans of our key talent. A Talent Council, comprising senior representatives across the firm, oversees our strategy and identifies talent initiatives and leadership development opportunities – such as an overseas tour, a client secondment, a business school course or a period working with one of our leaders. We are proud that we kept our promise to invest \$94 million in initiatives to help our people develop, grow and excel. And we plan to spend more next year.

We fortified our commitment to corporate responsibility this year, becoming Australia's first carbon neutral professional services firm; the first professional services firm to enter the Corporate Responsibility Index; and the only firm to release independently assured data on our greenhouse gas emissions.

What about 2010?

The Australian Government and the Reserve Bank of Australia acted swiftly and well to minimise the impacts of the global financial crisis on the Australian economy. Some observers are seeing early positive signs, though a sustained recovery seems some way off. Key to Australia's future prosperity will be a focus by the government and private sectors on, among other things, Australia's education and health systems, its resources and services sectors, foreign investment strategies and the national infrastructure. Our own strategies, plans and capabilities are focused on supporting these efforts.

Australia's regulatory systems have generally performed well and we believe the government should tread carefully before adopting overseas legislative reforms here. While sensible, effective regulation is to be encouraged, it is equally important to avoid regulatory responses which over-reach and threaten the entrepreneurial, innovative spirit that is at the heart of economic growth and prosperity.

We expect FY10 to continue to be difficult. Yet, as positive thinkers, we are now firmly focused on the recovery and the possibilities it brings. We are confident that PwC can assist Australia to turn economic and environmental challenges into opportunities for sustainable growth and social change.

Best wishes for 2010.

Mark Johnson
CEO and Senior Partner



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- PwC's total revenue was \$1.42 billion, representing growth of 1 per cent on FY08.

 - We were named Market Leader in the *BRW* Client Choice Awards, Audit Firm of the Year in the *CFO* Awards and one of *International Tax Review's* Leading Australian Tax Advisers, among other honours.

 - We became carbon neutral and reduced our carbon emissions before offsetting by 23 per cent (substantially exceeding our target of 10 per cent).

 - Despite changing economic conditions, we invested \$94 million in developing our people and did not implement hiring or promotion freezes.

 - We made strategic acquisitions to enhance our breadth and depth of client service, including Clarendene Estate Planning Lawyers, Mainsheet Corporate and Franchise Developments Management Consulting.

 - We continued our commitment to shaping the debate on important issues in the community by, among other activities, making a submission to the government's Henry Tax Review and hosting a National Health Forum.

 - We were recognised as an EOWA Employer of Choice for Women and the Top Company for Global Diversity by *DiversityInc.*

 - The firm undertook some \$15 million of professional services work in the not-for-profit sector pro bono or at highly discounted rates. We also donated some \$3.5 million, thanks primarily to our payroll giving program and firm matching.

 - We received the *BRW* ANZ Private Business Awards 2008 award for Excellence in Community Practices.

 - Eighty-six per cent of respondents taking part in our ECLIPSE client feedback surveys and face-to-face interviews rated us at least four out of five for overall satisfaction.
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Performance highlights

- We held the inaugural PwC Experience Awards to identify and celebrate the teams and individuals leading our firm in delivering distinct experiences.

- We launched a \$1 million sponsorship of the Centre for Social Impact.

- We began refining our environment management system to align with ISO 14001, participated in the Corporate Responsibility Index for the first time and were the only professional services firm to release independently assured greenhouse gas emissions accounts for FY08.

- PwC joined with Asialink and the Melbourne Institute to launch the Asialink Index, the first ever comprehensive index of Australian/Asian engagement. PwC is also a sponsor of Melbourne University's Asialink Leaders' Program.

- Australia hosted the global rollout of PwC's new auditing platform as part of the Assurance practice's connectedassurance* commitment to delivering best practice processes, greater value and insights and an unparalleled client experience.

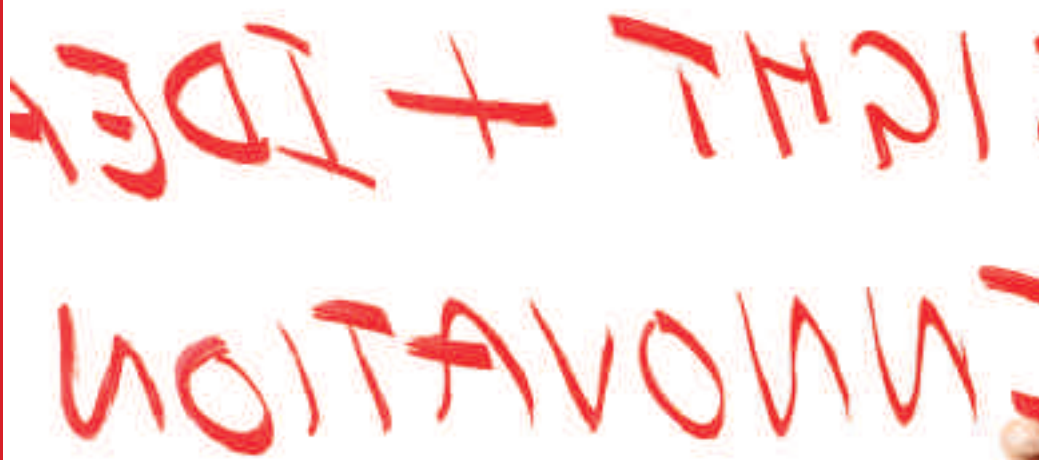
- We established a Debt and Capital Advisory practice led by specialists with over 20 years of banking experience.

- PwC's Purchased Additional Annual Leave take-up increased by more than 75 per cent on FY08.

- The PwC Foundation hosted the second annual PwC Transparency Awards, promoting improvement in the quality and transparency of reporting by not-for-profit organisations.

- As the effects of the global financial crisis began to surface, more than 3,500 of our people elected to take 10–15 days of unpaid leave to help preserve the fabric of the firm.

Markets



Olivier Marion, Senior Manager

A manager by 23, Olivier was the FY09 winner of PwC's national PwC Experience Awards for individual excellence in client service. As a member of the Tax & Legal practice in Perth, Olivier receives consistently positive feedback from his clients and team members, continually demonstrating how one person with the right mindset can make a major impact.

Sophie Langshaw, Senior Manager

With a passion for innovation, Sophie is committed to capturing and sharing insights with her clients and account teams. Leveraging this collective knowledge has helped identify areas for improved efficiencies and new revenue streams – testament that insight translates into value. Sophie is working with the firm's innovation team to capture new ideas and insights through innovation sessions with clients across the country.



Paul Bendall, Ian Farmer and Pat McKeon, the leaders of PwC's Assurance, Tax & Legal and Advisory lines of service, discuss leadership and relationships in the current business environment.

1. In the current market CEOs and boards are facing extreme short-term and long-term challenges. From each of your perspectives, what do you see as the top three things most critical to businesses making it through this period successfully?

Pat McKeon From Advisory's perspective, strong organisations will do two things. They'll balance short-term pragmatism, including a clear focus on cash, risk, etc., while keeping their eye on the longer term. Markets such as these offer real opportunities, from presenting a platform for internal change to creating bargains that would usually be unaffordable.

Ian Farmer And I believe the other critical issues are staying absolutely connected to customers, and engaging in more robust and rigorous scenario planning and business forecasting.

Paul Bendall Boards and CEOs need reassurance around the stability and sustainability of their business operations and relationships with employees, suppliers, customers and regulators. This is vital to remaining confident in their ability to emerge from the current market turmoil as dynamic and competitive organisations.

2. Halfway through the year, PwC's 12th Annual Global CEO Survey found almost half of Australian CEOs considered information about climate change when making long-term decisions about the success and durability of their business. How do you think the global financial crisis has impacted the way leaders approach corporate responsibility?

Paul Bendall The global financial crisis has increased the focus on corporate responsibility. Regulators, governments, employees, suppliers, analysts and shareholders are seeking greater transparency and looking for sound risk management and a holistic understanding of what is driving organisational performance. Employee reward and recognition structures must be shaped to ensure they drive sustainable business behaviours.

These emerging social and community obligations are increasing pressure for a broader-based, real-time business reporting model, extending the existing obligations of business beyond mere periodic financial reporting.

Ian Farmer I agree. If we learn anything from the current situation, it has to be that a focus on true sustainability and the obligations organisations have to the wider community is vital. This includes ensuring key players in the local and global markets have robust and sustainable business models and greater transparency around material issues. The focus of governments around the world has shifted dramatically, and there is little doubt that tighter scrutiny in the area of corporate responsibility and sustainability will be the way of the future. We are seeing this in a global trend to greater transparency and responsibility around tax risks and tax management.

Pat McKeon I also believe this kind of recessionary market often drives a 'flight to quality' from a client and customer perspective. In this respect, clients will be able to see which companies and organisations continue their commitment to corporate responsibility initiatives even when budgets are tight. We, for example, remain committed to our corporate responsibility initiatives – they are not just important to the organisations that benefit from them; they are important to the fabric of our culture.

How has business changed?

3. What changes have you seen in the type of work coming through your line of service in the past 12 months?

Ian Farmer In the area of tax, businesses across all industries are now heavily focused on freeing up cash. A back-to-basics trend to enhance cash flows and optimise refunds has clearly emerged. We are also finding the relationship between tax payers and tax authorities has become strained, and we are playing a more significant role in helping clients find certainty in tax positions.

Pat McKeon Within our Advisory business, we've seen our work shift to supporting clients who are suffering from reduced revenues, debt issues, cash liquidity and funding challenges. From our perspective, that means that our Corporate Advisory & Restructuring team, our Debt Advisory team and many of our consulting teams have seen a change in the shape of their work. More than ever, this is a great opportunity for us to collaborate with our clients to find sustainable solutions.

We've also been delighted to work with our government clients in finding solutions to the many challenges that face Australia at state and federal levels in the areas of health, water, education and transport. Our teams feel proud to be a part of building a better Australia.

Paul Bendall In the current market, I see boards and management seeking broad-based business assurance rather than a technical opinion on periodic financial statements. Organisations struggling to access and manage credit, debt and equity funding against falling asset values and consumer demand are seeking an independent and robust view to help ensure they remain viable. We are finding increased demand for risk, controls, security and forensic assurance services as an extension of our core financial statement assurance services.

More broadly, we are seeing businesses impacted by suppliers failing and a sharp reduction in the need for goods and services as demand abates in some sectors of the economy. Speed and agility in changing and responding to the new circumstances are defining success in both a positive and negative context within the current environment.

4. What do you believe Australian business and government leaders should be focusing on as they enter FY10?

Pat McKeon Clearly there is a requirement to re-strengthen the fundamentals in both companies and government. And this brings us back to good planning, sound financial management and strong execution of business plans. There is, however, a huge responsibility to manage confidence levels such that the growing maturity level of corporate Australia doesn't suffer. That could hold it back from participating in the growth to come in the Asia Pacific region.

Ian Farmer There is no doubt that a simplification of the Australian taxation system should be an area of ongoing focus – the Henry Review is a unique opportunity to reshape the tax system. With over 56 different business taxes currently in place, there has to be change. At the individual company level, there are also great gains to be made in simplifying processes to reduce the current cost of meeting compliance obligations.

Paul Bendall I think financial and operational risk management will also be top of the agenda for legislators and regulators. The focus will be on re-instilling confidence, protecting shareholders and investors from risky business practices, and preventing a recurrence of the current financial crisis.



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5. What do you think will be the lasting impact of the global financial crisis on the Australian business landscape?

Paul Bendall In the coming years, government stimulus will fund infrastructure development, igniting growth for resources and construction businesses that will be supported by the financial sector. Some organisations will find the opportunity to strengthen their core business by acquiring the peripheral operations of other companies. Others will find a way to better manage productivity and profitability, which in easier times might have been overlooked in the frenzied search for growth.

I believe the post-global financial crisis Australian business landscape will be characterised by government enjoying a stronger hand as guardian of the public interest. Business-to-business transactions and relationships will become more transparent. Businesses will rely on employees with new skills and competencies and an eye to financial security borne of community prudence rather than rampant private opportunism.

Pat McKeon The global financial crisis will also refocus Australian leadership teams back on the fundamentals of their organisations, and I think this is a broadly positive thing. Relationships will be tested, tried and either strengthened or abandoned under such conditions.

Ian Farmer It seems that while a recovery in the economy will be relatively slow, it could be unpredictable in where and how it emerges. In light of this, I think the relationships between boards and advisers will be enhanced, and a new level of consultation and rigour will emerge in decision making.

Businesses are currently being forced to review the composition of their workforces, with many now opting for more flexibility in their approach. This includes a renewed focus on moving resources to meet peaks and troughs and offering staff greater flexibility in the way that they work. This has real benefits for both employers and employees, and may well set the tone for many organisations moving forward.

6. What do you think is the future of globalisation and how is it playing into your current decision-making processes?

Ian Farmer We are seeing acceleration in the globalisation of tax policy and tax authority networks. Our global networks are critical to our ability to help clients deal with this trend. We are committed to providing clients with a seamless and consistent service, bringing the very best of our global expertise wherever it is needed. While this is a key benefit for our clients, it also provides our people with a worldwide network of colleagues to call upon, and the opportunity to work anywhere in the world.

Pat McKeon In the market I'm seeing a real threat to growth through globalisation, as some organisations begin to bunker down and focus more on their own cost base, customers and opportunities rather than more extensive areas of collaboration. From our perspective, we want to make sure that our clients not only have access to the intellectual property of our Australian firm, but also of other PwC firms around the world. As the Australian Firm Executive, it's crucial that we work even harder at collaborating with our counterparts in Asia, Europe and the Americas.

How has business changed?

Paul Bendall There are a number of fundamental societal shifts – proliferation of new media technologies, falling trade barriers, inbound migration and importation of foreign regulation through cross-border operations – that are all contributing to a structural realignment in the Australian economy. These shifts demand that our firm is flexible and agile.

We are developing new capabilities to serve the offshore operations of Australian businesses. New areas of focus include offshore supply chain assurance; global operational and financial risk assurance; governance processes; cross-border data integrity, transfer and security assurance; offshore regulatory compliance assurance; global treasury assurance; and support for new offshore market entry strategies.

7. From a professional services standpoint, what do you think is the key to strong client service in the current environment?

Pat McKeon The key for us is to fully understand the strategy of each organisation as well as the execution focus of the CEO and his or her executive team. Once we have a grasp of that, our strategy, deals, consulting economics and transformation teams can, in combination, provide a single solution point for the client. This is unparalleled in the Australian professional services environment.

Paul Bendall As we help secure a sustainable future for our Australian community, we anticipate having robust conversations; airing alternative views; and challenging management thinking, governance, processes and internal controls.

Ian Farmer This all supports our broader focus on building and maintaining quality client relationships. The ability of our diverse firm to work alongside clients, to provide valuable support and insight as they navigate an uncertain future, is essential. No one can predict for certain what tomorrow will look like, but we can work together to tackle the issues as they emerge, and to help shape the way forward.

Changing conditions are raising a number of challenging questions for the Australian market. Our people are listening to clients' concerns and working with them to find opportunities for improvement and growth across a range of areas.

Will Australia learn the lessons of lost opportunity from the resources boom?

The abrupt end to the commodities boom last year presents an opportunity to reflect on the windfalls and challenges Australia's resources industry has undergone. Chinese and global demand for resources will return, which will result in the sector's resurgence at least in the medium term. But what has Australia learnt from the last rush to ensure it is better prepared for the next wave of opportunity?

Australia's critical infrastructure, particularly its port and rail systems, proved inadequate during the boom. Burgeoning global demand saw ports choked beyond capacity, with ships waiting in queues. Production and delivery had to be slowed due to infrastructure blockages. Addressing these fundamental issues will require a commitment from industry and government to invest for the long term in strategic transport assets. New infrastructure will ensure Australia's resources industry has the capacity to be more competitive internationally.

Regulation has been a persistent barrier to business, particularly during the boom. Multiple and disjointed regulatory approval processes at various levels of government slowed investment decisions. Lack of clarity around Australia's Foreign Investment Review Board decisions may risk future inflows of offshore capital.

Australia's taxation system places a complex web of imposts on resource projects that confuse and frustrate investors. However, potential relief on many of these issues is imminent with the Henry Tax Review due to report later this year. Hopefully this review and other measures will bring about the necessary reform needed to see Australia's resources industry prosper in the 21st century and beyond.

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How do we maintain and improve the vitality of our health system?

The past year has seen health system reform become a major focus of public debate. For the last 25 years, Medicare has provided Australia with a popular and stable national framework for the financing of the health system. We have enjoyed outstanding health outcomes, ranking as one of the global leaders for long life expectancy.

Why then is there a groundswell of support for significant reform? The challenges facing the Australian health system are common to all developed health systems around the world. The ageing population, the ever-increasing availability of new medical technologies and treatments, and the shift in the burden of disease from acute to chronic mean that health expenditures continue to grow at a rate faster than GDP. At the same time, the traditional structure of health care does not offer solutions to the management of chronic illness. The pressure on our public hospital emergency departments is symptomatic of the absence or failure of other forms of care.

While health systems around the world are diverse, this decade has witnessed an enormous convergence of health solutions. Many systems are addressing sustainability by moving towards the Australian mixed model of public and private financing and developing new models of care to address the diseases of the 21st century. As our leaders prepare for the next 25 years, they will need to recognise and build on the existing strengths of our system to design a framework capable of handling the demands of a rapidly changing world.

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What challenges are we facing?

What role do financial statements play in building a company's story?

A number of commentators suggest financial statements have become more difficult to understand, and many stakeholders would agree that it's not always easy to decipher the real drivers behind a company's performance.

The increased volume of legislation and regulation impacting required disclosures has heightened the risk that companies' annual reports do not convey a clear and easily understood presentation of their performance. Further, the complexity has led to an increased use of presentation packs in an attempt to distil information, which means the data being relied upon by many analysts and other stakeholders is often unaudited.

Although the government is seeking to reduce 'red tape', and standard-setters are working to simplify the accounting framework, it is not their job alone. The accounting profession has a significant role to play in addressing these issues. The ICAA, supported by PwC and others, has recently proposed a broad-based reporting framework to address some of the current reporting shortcomings. We should continue to challenge key stakeholders to develop annual reports and financial statements that are more candid and user-friendly, while pushing for greater rigour in the information that is published in presentation packs and other accompanying documents.

The community is also increasingly interested in understanding the broader strategy and performance of an organisation, from its environmental record to the development of its people. Accountants should encourage boards and management to include these metrics and provide stakeholders with the capability to examine more than just the financial health of an organisation. In the wake of the global financial crisis, we must meet the increasing demand for the knowledge and understanding – not just data – which will ultimately support the restoration of faith in our financial governance and reporting systems.

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Is Australia ready to be in a region at the centre of global affairs?

Over the past 18 years, Australia's engagement with the world has tripled, but its engagement with Asia has quadrupled. This relationship with Asia is not only likely to continue to grow, but also become more challenging. Today we are entering a new period in which our nation, and much of the world, will be increasingly shaped by a shift in global economic and strategic power to Asia. Assessing and navigating the opportunities and dangers in this post-Western Asia will require skill and sensitivity. Australian organisations will not only need language skills, but an awareness of national rivalries, complex religious and ethnic undertones and different business dynamics.

PwC, together with the Melbourne Institute and Asialink, has developed the first multi-indicator measure of engagement between Asia and Australia. The index tracks engagement along seven dimensions, providing insights into the evolution and nature of Australia's international relationships over the past two decades. For example, while it is true that China has become extremely important to Australia's economy, the 2008 index found the Association of Southeast Asian Nations (ASEAN) has actually become Australia's most important trading partner, with a higher volume of two-way trade.

Asia holds half of the world's population and is on the verge of what may be the largest industrial revolution the world has ever seen. We believe that the success of Australia in the 21st century is inextricably linked to our ability to effectively engage with this population across a broad range of areas, from trade and investment, to education, tourism and migration. By strengthening bilateral discussions and building cross-cultural understanding, Australia will be well placed in the region to make the most of opportunities and foster mutually beneficial long-term relationships.

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Are new mindsets, behaviours and culture necessary to restore trust in the financial sector?

Many financial services organisations around the world are currently re-examining their strategic intent and their style of operating in response to what undoubtedly has been a financial crisis, but is now increasingly becoming a period of reflection and adaptation. The changes emerging during this period show a greater focus on risk and uncertainty, for instance, in improving the ongoing sustainability of products and services. Decision makers are placing even greater weight on corporate responsibility – a mindset change around the interconnected nature of the financial system, economy and community stakeholders.

In tackling issues of corporate responsibility, some soul searching appears to have transpired in response to ill-disciplined behaviours centred on growth and profit. There has been significant debate as to how the financial sector can align desired behaviours with outcomes and rewards.

This question is sure to provoke ongoing response from many stakeholders in the coming months. The manner in which the sector conducts, and responds to, the debate will influence the degree of trust bestowed upon its leaders.

What this seems to be creating – for which there are hints but no conclusive proof as yet – is a quantum shift in the mindset and behaviour of the sector. A culture of innovation and entrepreneurship still needs to be cultivated, but not at the expense of honesty, transparency and objectivity. Public policy makers should assess if and how any legislative changes will make a material difference to the restoration of trust.

The balance between trust and control is always a delicate one, not least in the current circumstances. Changes are undoubtedly needed to restore the community's confidence in the financial services sector, but the impact of changes will ultimately lie in the behaviours of the sector's leaders and their organisations. As always in financial services, trust will be a key source of competitive advantage.
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Is a downturn the right time to invest in innovation?

Innovation suddenly seems to be high on the agendas of many top organisations. In fact, eight out of 10 CEOs interviewed in PwC's Annual Global CEO Survey said change was on their radar and innovation was the key to that change.

If you look at the companies that successfully competed in past recessions (e.g. Google, Apple, Procter & Gamble), they invested in the downturn in preparation for a new market. FY09 is no different and leaders are widely quoted on their commitment to invest in the future, inventing new answers to old questions as well as creating new questions.

But what is innovation really? Most will say it is about creating new value, but the real power is not in the definition itself. Businesses focused on building a culture of innovation are achieving better outcomes. Risk taking, removing fear of failure, engaging people in new ways of thinking and designing systems to support that thinking are the trademarks of businesses that will step ahead of their competitors.

The role of leaders in this scenario is critical. They need to provide clear strategic intent, act as an advocate and protector of the innovation activities, and allocate the right levels of resources to ensure success. They must also be relentless in communicating both failures and success, encouraging participation and experimentation.
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What challenges are we facing?

“The thing that impresses me about PwC is that they are open; they work collaboratively with us and they understand our business. They’re also not afraid to draw my attention to any areas which I need to correct – and if I do need to correct them, it’s done in a very open, professional environment.”

Steven McDonnell, Group Manager for Accounting and Taxation,
ActewAGL

From offering insight on improving biscuits to walking the streets with law enforcement, PwC has worked with a broad spectrum of Australian organisations. Below are just a few of the ways we've added value for our clients and, ultimately, their consumers and stakeholders.

Australian Red Cross

PwC's work to assist the Australian Red Cross through capacity-building engagements since 2006 meant the organisation knew where to turn when it needed assistance helping the Victorian bushfire victims get back on their feet.

We listened to the Red Cross's needs and were able to act quickly and effectively with a team that developed a stand-alone collection application used by the telephone volunteers to collect funds. The data generated in this application was integrated into the existing receipting system, enabling the Red Cross to process the unprecedented volume of transactions more quickly and efficiently. The application collected over \$4.7 million from 23,000 donors. An additional PwC team was seconded for three months to assist with the set-up and operation of the Victorian Government's Bushfire Recovery and Reconstruction Authority.

This professional support was supplemented by an immediate staff appeal by PwC CEO Mark Johnson. In just two weeks, 69 per cent of our people contributed a total of \$648,638 (including firm matching of \$250,000). In Melbourne, 180 PwC people donated blood and 230 volunteered to provide assistance. Three offices were filled with blankets, clothing, toys, non-perishable goods and toiletries, including some 400 suits, shirts, ties and shoes.

Campbell Arnott's

When brought in to prepare the Campbell Arnott's audit, the PwC team realised it was in a position to deliver much more than a standard financial review. During the engagement, team members began using their understanding of the client's business to internally discuss and document observations about Campbell Arnott's products, process and culture.

As the project came to a close, the team members compiled their thoughts into a formal Senior Management Report and submitted it with the audit. Campbell Arnott's CEO Mark Alexander called PwC Partner David Kelly soon after, commenting that he found the contribution added value well beyond the numbers, by providing outstanding insights and product innovation suggestions. Alexander proceeded to follow up a number of the highlighted items with his senior leadership team.

Infrastructure Australia

With the challenge of investing in infrastructure to meet the growing demands of the Australian economy, the new peak infrastructure body Infrastructure Australia was set up to guide investment from the Commonwealth Government's Building Australia Fund.

In light of Infrastructure Australia's focus on economic evidence to inform its decisions, PwC was engaged to provide expert advice. This involved the secondment of a PwC director to assist with an audit of the condition and capacity of the nation's existing infrastructure, the design of the organisation's investment prioritisation methodology, and the review of submissions from state and territory governments.

In addition, a number of PwC economic specialists provided technical cost benefit advice to ensure the Infrastructure Australia Council had sound evidence upon which to base crucial investment decisions. Backed by such evidence, the council was able to identify the best options, maximising the impact of public investment in Australia's economic, environmental and social goals.

How are we working with clients?

Commonwealth Bank of Australia

PwC focused on delivering a robust, value-driven and business-relevant statutory audit to the Commonwealth Bank. The core team built on the traditional technical strength of the audit by embedding a variety of relevant specialists into the team. Industrial psychologists and forensic and risk management specialists worked side by side with the accountants throughout the engagement.

This diverse team aimed to constantly 'lift the bar' on delivering service excellence in all aspects of its work. As a result, the bank received a thorough and wide-reaching audit that delivered global insight, empathy without compromise and objectivity to support the board and management teams in their ongoing mission to enhance value for shareholders.

Victoria Police

Putting ourselves in our clients' shoes for Victoria Police literally meant touring the streets of Melbourne after hours to observe police operations in action. In response to an increase in public disorder and related crime in Melbourne, Victoria Police initiated a special operation, 'SafeStreets', to combat the problem. PwC began working closely with Victoria Police to evaluate the effectiveness of Melbourne's CBD SafeStreets Taskforce, which involved assessing the impacts of an increased street presence and quantifying the costs and benefits of such an approach.

The team – made up of specialists from PwC's economics, project management, risk and actuarial service areas – also assisted the Victorian Government in considering ways to address the multifaceted public order problem through a range of programs and regulatory and policy changes.

The final outcome has been a thorough assessment of what policing strategies work, as well as a forward-looking strategy that provides a sustainable approach to managing public order on Victoria's streets for years to come.

Australia Post

When Australia Post wanted to pursue a payroll exemption for owner-drivers in Tasmania, the organisation drew on a long-standing relationship with PwC to find a solution. The Melbourne Employment Taxes team combined a strong reputation, technical expertise and existing knowledge of the client's structure and objectives to carefully manage negotiations with the State Revenue Office. The complex argument required a dedicated and thorough approach from the team, as there was no precedent for how the Tasmanian payroll tax law would apply to Australia Post's arrangements.

On behalf of the client, the team obtained a favourable private ruling supporting the exemption in the last half of FY09. This resulted in a significant payroll tax refund for the 2004–07 tax periods, providing Australia Post with more capital to invest in providing high-quality mail and parcel services to all Australians.

China Shenhua Energy Company Limited

When we learnt that China Shenhua Energy Company Limited (CSEC), the world's largest publicly listed coal company, was undertaking its first overseas investment in the developed world in Australia, we put ourselves in the client's shoes to understand and respect the Chinese cultural way of doing business. A team representing the breadth of PwC's expertise was quickly pulled together to produce a strong proposal that addressed CSEC's needs.


The company was impressed with the level of work put into the proposal, as well as our focus on finding solutions to meet all its needs as individuals and as a company. Our tax reputation in the market, our way of doing business and the availability of senior PwC partners to meet with the client on very short notice, led to our appointment as their Australian business adviser. One of the highlights for the client was the presentation in Mandarin by the key partner, with the client commenting it was the "most authentic Chinese speech given by an English-speaking person" they had ever heard.

Soter Tiong, Senior Manager

Chosen to represent PwC's Melbourne office in the Asialink Leaders Program, Soter is at the forefront of helping Chinese and Australian firms do business. Through an earlier two-year secondment to PwC Shanghai, Soter was able to gain experience providing accounting solutions to many multinational companies listed on the Hong Kong, Singapore and Shanghai stock exchanges.

Paul Barker, Senior Accountant

Selected for the Assurance apprenticeship program, Paul enjoyed a three-month in-depth look at PwC's business operations and the opportunity to work closely with members of the Assurance leadership team. The experience offered him insights into strategic client management, responsible leadership and effective communication.



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$$22 = x$$

Structure and Strategy



Case Study

Supporting our private clients

In response to the growing needs of our private clients, we have increased the focus on the knowledge, insight and energy our Private Client Services (PCS) team brings to the market.

The energy of the private client market and the opportunity to help build and grow Australia's future iconic businesses are at the heart of what drives our PCS team. With more than 41 partners and 400 staff, PCS is a significant priority for the firm. The team enables PwC to provide a personalised and complete business consulting solution to Australia's small to middle market, including private and family businesses, entrepreneurs and high-net-worth individuals.

PCS works in close collaboration with each client as a trusted business adviser, providing frank and honest advice on areas such as business restructuring, benchmarking, compliance, strategy advice, personal tax and succession planning. We help private businesses grow by providing access to the same knowledge, networks and opportunities available to our large clients, while at the same time understanding private clients' unique business and personal drivers.

PwC is Australia's leading professional services firm, bringing the power of our global network to help Australian businesses, charities and governments assess their performance and improve the way they work. Growing from a one-man Melbourne accountancy practice in 1874 to the worldwide merger of Price Waterhouse and Coopers & Lybrand in 1998, PricewaterhouseCoopers Australia now employs over 6,000 people, providing a range of services to 96 per cent of the ASX 200 and 98 per cent of the ASX 100.

PwC is brimming with energetic and inspirational people from all backgrounds – arts, business, engineering, economics, finance, health, law – who ensure our clients receive the depth and breadth of insight and perspective required to negotiate an increasingly complex global environment.

Across our Advisory, Assurance and Tax & Legal lines of service, we offer a broad range of services that combine to provide our clients with a range of end-to-end solutions. From improving the structure of the Australian health system, to assuring the integrity of some of Australia's largest organisations, and helping corporations prepare a business case for sustainable operations – our teams bring a unique combination of knowledge and passion to addressing the risks and opportunities facing our community.

PwC's aim is to set new standards in responsible leadership, working with our clients to create value and sustainable solutions. We realise that it takes more than rhetoric and good intentions to remain Australia's leading professional services firm. It is a mission requiring a daily commitment to innovation and investment in our people, and to continuing a legacy of collaboration with our clients and the communities in which we live.

Former Price, Holyland & Waterhouse employee Joseph Flack arrives in Australia and opens an accounting practice in Melbourne

Flack & Flack is formed when Joseph Flack partners with his son, Olympian Edwin Flack

Flack & Flack joins the international firm of Price Waterhouse & Co

1874

1904

1946

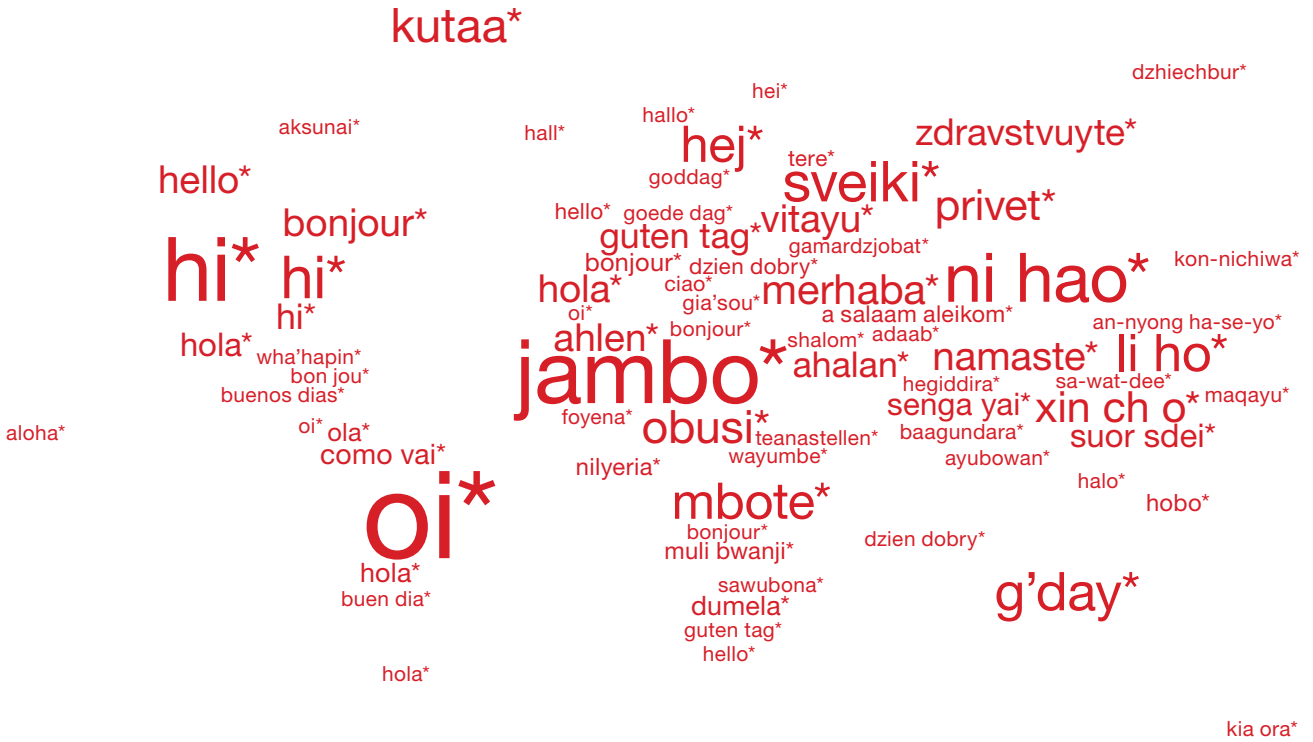
Who are we?

What we offer

Sectors we serve	Financial Assurance	Risk & Controls Solutions	Corporate Tax	Specialist Taxes	Private Client Services	Deals	Consulting
Resources, Services, Health and Government Government, Health, Energy & Resources, Services, Construction, Transport & Logistics	Financial Statements Regulatory Assurance	Credit, Operational & Market Risk Controls Design, Implementation & Assurance	Compliance Services Consulting	Indirect Taxes International Assignment Solutions	Personal Estate Planning & Wealth Management Personal/Business Taxation	Mergers & Acquisitions Debt & Capital Advisory	Strategy Financial Effectiveness
Financial Services Banking & Capital Markets, Insurance & Investment Management	Financial Reporting Advice Climate Change Reporting	Compliance Solutions Forensics	Tax Due Diligence & Transaction Support International Tax Services	Legal Services Tax Risk & Controversy	Business Funding & Structuring Succession Planning	Corporate & Project Finance Due Diligence	Actuarial Financial Transformation
Consumer and Industrial Products Retail & Consumer Goods, Industrial Products		Technology Security Project Assurance		Research & Development Transfer Pricing	Deals Personal/Business Mentoring	Performance Improvement Opportunities Corporate Restructuring	Performance Improvement Technology & Projects
Technology, Information, Communications & Entertainment Technology, Entertainment & Media		Internal Audit		Employment Taxes	Business Strategy & Growth Operational Effectiveness	Carve-outs & Divestments Valuations	People & Change Business Operations
Private Clients High-Net-Worth Individuals, Family Businesses and Entrepreneurs					Financial Assurance	Insolvency & Administrations	Value-Based Management Sustainability & Climate Change Advisory

<p>Worldwide merger of Price Waterhouse and Coopers & Lybrand creates PricewaterhouseCoopers</p> <p>1998</p>	<p>PwC Australia launches the ECLIPSE client feedback program</p> <p>2001</p>	<p>IBM acquires PwC Consulting, the global management consulting and technology services unit of PwC</p> <p>2002</p>	<p>PwC Australia develops the four core service values of the PwC Experience, which will later be adopted globally</p> <p>2006</p>	<p>PwC announces plan to be carbon neutral by FY09, acquires GEM Consulting and becomes the country's largest multidisciplinary partnership (MDP)</p> <p>2008</p>	<p>PwC acquires Clarendene Estate Planning Lawyers, Franchise Developments Management Consulting, Mainsheet Corporate, and a Debt and Capital Advisory practice</p> <p>2009</p>
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PricewaterhouseCoopers Australia milestones



155,000 PwC people

153 countries

What have we achieved?

PwC is honoured to have received a range of awards and accolades for our achievements as an employer, business leader and professional services provider. These honours are pleasing recognition of our ability to respond to the needs of our clients and the community.

Market Leader in BRW Client Choice Awards

The *BRW* awards are unique in that they are based on an independent survey of 18,000 clients conducted by the specialist consulting firm Beaton Consulting. The survey was completed in October/November 2008 and reflects client interactions with PwC over the previous 12 months. This was the fourth consecutive year PwC received the Professional Services Market Leader award.

Audit Firm of the Year in the CFO Awards

PwC's winning submission to *CFO* magazine's Audit Firm of the Year Award highlighted the firm's ability to provide market-leading audit services; educate clients and the broader community on climate change; collaborate with the Institute of Chartered Accountants to launch the PwC Transparency Awards for the not-for-profit sector; influence public discussion; and support its people not only in their specific roles in PwC, but in their long-term professional and personal aspirations.

Excellence in Community Practices

PwC won the 'Excellence in Community Practices' category for the inaugural *BRW* ANZ Private Business Awards, which are aimed at raising the profile of outstanding private businesses, and encouraging the spirit of entrepreneurship. Nominations for the awards were open to all private businesses and were judged by a panel of industry and academic experts.

Lead Greenhouse Gas Advisory Group in Australasia

In recognition of its outstanding work, PwC's Australian Sustainability & Climate Change team (S&CC) was named the Lead Greenhouse Gas Advisory Group in Australasia. It was the first time any PwC

climate change team received this internationally renowned accolade. The award is the result of the ninth annual market survey run by leading environmental and business publication *Environmental Finance*. The survey is the largest of its kind, receiving votes from business leaders around the globe.

International Tax Review's Leading Australian Tax Advisers

This award reinforces the position of our 1,000-strong Australian tax practice as the country's leading tax adviser. In addition to our unrivalled local resources and industry knowledge, the Australian team draws on the skills and experience of a network of almost 20,000 tax and legal professionals in jurisdictions around the world.

EOWA Employer of Choice for Women

In 2009 PwC became certified as an Employer of Choice for Women, acknowledging our ongoing support of women and equal opportunity programs that recognise and advance the female workforce.

Global Communities Award

PwC's Australian Foundation won Best in Class in the global firm's 2008 Global Communities Recognition Awards. Now in their second year, the awards showcase the breadth of community engagement taking place across the PwC network globally and acknowledge outstanding contributions under the award categories Best in Class, Development and Innovation. This award recognises the achievements and impact of our Foundation over the last six years.

Most Outstanding Fundraising Project for 2009

The UN Refugee Agency UNHCR received the Fundraising Institute of Australia's National Award for Excellence in Fundraising for its work with PwC on the UNHCR PricewaterhouseCoopers Power of 10 Initiative. On 11 August 2008, Sam DiPiazza, our global CEO, handed a ceremonial cheque over to the UNHCR for US\$4 million – the amount that PwC raised through the generosity of

its people and member firms across the globe. This amount is now funding the education of up to 30,000 child refugees in eastern Chad who have fled the conflict in Darfur, Sudan.

Top Company for Global Diversity

PwC was named Top Company for Global Diversity in 2009 by *DiversityInc*, a leading publication on diversity in the workplace. The evaluators commended PwC for the work and achievements of its global Gender Advisory Council, an international group of 14 senior male and female leaders from around the world who actively work to improve the representation of PwC women in the workplace.

Editors' Special Tax Contribution Award

As chairman of the Tax Design Review Panel, PwC's Chief Operating Officer Neil Wilson helped form a series of tax policy recommendations, which were all accepted and reflected in the government's FY09–10 budget. In the *International Tax Review's* 2008 Asia Tax Awards, Neil was recognised by the editor for his significant contribution in this role.

Best use of software in a not-for-profit setting

As part of the firm's capacity-building work with Mission Australia, PwC advised the organisation's Community Services Division on developing a software system to streamline its workflow and become more efficient. The resulting MACSIMS system, developed in association with Sydney-based company FlowConnect, resulted in a 95 per cent reduction in internal reporting time and an 80 per cent reduction in time spent producing government-funding reports. It was selected as the 'best use of software in a non-profit setting' in the Australian Community Technology Awards.



Mark Johnson
CEO and Senior Partner



Paul Bendall
Managing Partner, Assurance Services



Derek Kidley
Managing Partner, Clients and Industries



Neil Wilson
Chief Operating Officer



Mary Waldron
Managing Partner, Networks



Ian Farmer
Managing Partner, Tax & Legal

Who are our leaders?



Sophie Crawford-Jones
Human Capital Leader



Patrick McKeon
Managing Partner, Advisory Services



Luke Sayers
Managing Partner, Markets
(FY09 Managing Partner, Tax & Legal and Markets)

Board of Partners

- Bruce Morgan**
Chairman
- Tony Clemens**
Vice Chairman
- Mark Johnson**
CEO and Senior Partner
- Rob Baker**
- Sandra Birkenleigh**
- Nadia Carlin**
- Nick Chipman**
- Colin Dunn**
- Peter Le Huray**
- Jan McCahey**
- Rob Ward**

How do we ensure quality?

In a challenging environment, PwC's Risk and Quality Group aims to inspire best practice governance by responding efficiently to market conditions, taking a proactive approach to monitoring risk and simplifying compliance processes.

Enabling the best service

The Risk and Quality Group consistently manages the standard of engagements across each line of service by embedding risk and quality measures in day-to-day activities.

This allows each practice to concentrate on providing services to clients, while at the same time giving clients the comfort of knowing they are complying with rigorous standards and policies. Some of our important initiatives in this area include:

Responding to market activity

The global financial crisis is arguably the biggest current challenge to Australia's economic prosperity. Our timely response to the crisis ensures that we deliver innovative client service, while at the same time protecting and maintaining the firm's reputation.

We have mobilised a team to support our engagement teams through ongoing consultation. We ensure our people do not stand alone when making key decisions. This includes initiating risk review panels, publishing relevant guidance and developing technology to effectively monitor high-risk engagements.

Sharing and collaboration have also been incorporated into our training and development, and encouraged through firm-wide communications. This ensures our people have the most up-to-date information and guidance to effectively serve our clients.

Simplification

The monitoring and management of risk is vital to us, particularly in the current climate. However, it is also important to provide clients with an environment in which it is easy to do business. One initiative to balance these objectives has been the transformation of our standard terms of business. Through collaboration across the firm, particularly with the Office of General Counsel, we successfully reduced the complexity and length of the terms, while at the same time ensuring the language still protects the firm's business. Our new client and engagement acceptance system further simplifies and accelerates the compliance and acceptance process.

Firmwide Risk Committee

The Firmwide Risk Committee has been established to formalise the oversight of all risks to which the firm could be exposed. The committee, comprised of key leaders, has developed a Risk Register to document the management of these risks.

Global Risk Management and Compliance Standards

PwC Global requires all firms to comply with Global Risk Management and Compliance Standards.

This means each member firm is required to document and explain compliance, and is subject to an independent review. This process guarantees all PwC firms are compliant with network standards, ensuring a consistent standard of service worldwide.

connectedassurance*

The connectedassurance* project is designed to deliver better client service, improved experiences for our people and visible and sustainable quality. The project includes a new global audit technology platform and more inclusive and interconnected working practices.

Ensuring the best quality

PwC aims to achieve sustainable performance. The focus is on initiatives and solutions that will benefit the firm and its clients for many years to come; long-term solutions rather than short-term answers.

Quality system and engagement reviews

Our sustainable review programs, consisting of Real Time Reviews, Completion Reviews and Quality Reviews, are conducted across the firm by internal reviewers, external bodies and PwC Global. The programs support the sustainability of all PwC services, ensuring that rigorous reviewing and monitoring is in place.

Reviews have also been conducted by external regulators, including the Australian Securities & Investments Commission (ASIC), the Public Company Accounting Oversight Board (PCAOB) and the Audit Quality Review Board (AQRB). The overall outcome has been positive, with the acknowledgement that PwC Australia has a strong quality control structure.

Code of Conduct

We have developed a new eLearning module for our Code of Conduct, providing our people with a more interactive, scenario-based training system. To ensure our people are aware of their ethical obligations, we have expanded the firm's existing Annual Compliance Confirmation to include ethical matters. We have successfully piloted this program with partners and aim to roll it out to all staff. A new ethics dashboard has also been developed that brings together results of internal surveys, and measures wellbeing, diversity and training completion.

Managing conflicts: Independent partners

When clients show interest in a particular transaction, an independent partner is appointed. Their role is to confidentially administer engagement clearances and practices from the outset. This, together with the firm's ethics procedures, means that we can quickly determine who we are able to act for and how any conflict can be appropriately managed with respect to client confidentiality.

Partner metrics

To promote best practice, partners are subject to performance metrics that monitor their approach to risk and quality. The metrics measure a partner's approach to consultation, training and firm-wide risk management. The metrics also encompass an independent examination of engagement files.

Case Study**Corporate responsibility in our operations**

At PwC we believe that to serve our clients effectively we must ensure that our own internal systems and firm culture are in good shape. By integrating corporate responsibility into areas such as our risk management framework, supply chain and procurement policies, we become better positioned to advise our clients on the practical aspects of making these changes.

Our initiatives to address the issue of climate change have truly allowed us to put ourselves in our clients' shoes. In December 2006, PwC became the first professional services firm in Australia to announce a timetable to achieve carbon neutrality. We are also the first professional services firm to publicly report on our greenhouse gas emissions inventory and emission management plan and have them independently assured.

These initiatives allow us to understand what it means for our clients to implement similar strategies and initiatives. Engaging our own staff to reduce their environmental footprint through travel reduction campaigns and interactive online tools has helped us to support our clients' staff in doing the same.

Through these responsible business practices, we hope to expand the breadth of insight we can offer our clients, while cultivating high standards of corporate responsibility for the broader business community.

Responsible Leadership

Alun Richards, Senior Manager

During four years at PwC London and four years at PwC Sydney, Alun has always placed importance on giving back to the community. As a mentor in the Elevate coaching program, the PwC Foundation's joint venture with Mission Australia, Alun mentored a young Australian to help build her enterprise skills and employability.

Alecia Braven, Associate Director

As a part of PwC's Young Leadership Team, Alecia has enjoyed a dynamic personal and professional development experience. Designed to turn PwC's highest performing talent into inspirational leaders, the program involves five three-day intensive sessions and provides Alecia with ongoing mentoring from one of the firm's top female leaders.



Case Studies

Hero to the hounds

Yuki Nagashima
Manager

Inspired by her participation in Foundation Day activities, Yuki wanted to get more actively involved in volunteer organisations. With the help of her coach, Yuki put together a business case and worked with her team to ensure her workload could be managed and delegated appropriately. She was able to take Fridays off to assist the Greyhound Adoption Program with rescuing dogs and promoting the adoption of greyhounds as pets.

“Working four days a week means I can finally turn my dreams into reality and help the Greyhound Adoption Program.”

Working dad

Trevor Johnston
Senior Manager

Trevor joined PwC in Scotland, specialising in the energy sector, and later transferred to Australia. After celebrating the birth of his first child three years ago, Trevor was able to take advantage of paid paternity leave when his wife returned to work.

This gave Trevor the opportunity to spend three months developing a close bond with his daughter during that very precious first year. Since returning to the Assurance practice, Trevor has continued to manage his work around the changing needs of his family.

“The way PwC looks after its people, as much as its clients, is what helps make the firm so exceptional.”

PwC’s approach to corporate responsibility ensures that we continue to enhance the development and wellbeing of our people. Our focus is on the whole person, not just their technical expertise, and we provide a diverse range of opportunities to support our people in reaching both their personal and professional potential.

Our firm is brimming with energetic and inspirational people who want to build an enduring career. Strong relationships make this possible; they define our connection with each other, our clients and the broader community.

Over the last few years we have progressively developed a deliberate and focused approach to building relationships, enriching our culture and supporting our people. More than 88 per cent of our people say they are proud to work for PwC. Our pioneering culture initiative, the PwC Experience, is embedded in everything we do – from the way we attract and recruit people to developing them and measuring performance. The PwC Experience originated within PwC Australia and, due to its success, has been adopted by the firm’s global network.

Development

Despite the current economic conditions, PwC is continuing to invest strongly in learning and development for our people. In FY09, we spent \$94 million on initiatives to help our people grow and excel. In addition to building technical competency, we assist our people to enhance their broader business skills, such as client relationship management, commercial acumen, leadership and teamwork.

Our talent management strategy guides the future development, retention and succession plans of our key talent. A Talent Council, made up of senior representatives from across the firm, oversees our strategy and identifies talent experiences and development opportunities that enable our people to become strong leaders.

PwC people development is based on a 70:20:10 approach. This follows workplace research findings that 70 per cent of development should come from experience on the job, 20 per cent through coaching and mentoring and 10 per cent through formal education. This strategy has been designed to help our people get the most out of their career, with plenty of support and guidance along the way.

Coaching

As the world grows in complexity, our people and clients are being asked to respond more quickly, learn new skills, use faster and better technology and interact effectively with a range of diverse cultures – all while balancing busier personal and community-focused lives. As a result, people are looking for deeper and more meaningful connections with their business advisers, employers and colleagues.

How do we support our people?

To help our people build stronger relationships within their teams and with clients, we have focused in recent years on building our coaching capability. Each person at PwC is assigned a coach who is responsible for helping foster their professional development. A network of skilled coaching champions supports and models our relationship-building and conversation-based approach, ensuring every discussion is seen as an opportunity for both parties to learn, challenge, reframe and innovate.

Diversity

PwC is committed to achieving a truly diverse and inclusive organisation, reflective of the community in which we live. We know that six people with different ideas are more valuable than 60 people who all think the same.

Women currently make up half of PwC's graduate recruits and, while we still have work to do to improve the retention rates later in their careers, our efforts are having an impact. The percentage of female partners in our firm has increased by 45 per cent since 2004 and over the last financial year we have increased the percentage of women across the majority of grades. Twenty-five per cent of our executive team is female, up from nine per cent in FY07. We have also been recognised as an EOWA Employer of Choice for Women.

“Achieving diversity at PwC is critical to ensuring that we become a firm that is distinctive, innovative and inspiring for our people and our clients.”

Mark Johnson, CEO

We are continually striving to improve our gender mix across the firm. In FY08, Women's Leadership Forums and Mentoring Circles were established. We recognised that women often have difficulty finding a female mentor, owing to a lack of role models in leadership positions. These groups provide an avenue for women to share their experiences and stories, using their strengths to build mentoring skills and increase confidence.

We are also investing in initiatives to support ethnic diversity over the coming years, providing language and culture training, as well as relocation support for our people.

Working flexibly

A career at PwC can take people in many different directions, providing broad opportunities, challenging work and connections to innovative people. We want to ensure our people are inspired at every stage of their career.

Like most businesses, we are working hard to support and retain our people through a challenging economic environment. Our ability to be agile as an organisation is more important than ever in achieving sustainable success.

We have long been committed to helping our people achieve balance by offering a range of workplace flexibility options to support progressively busy lives and careers. For example, our people can choose to work part-time, take up flexible working hours or purchase additional annual leave. These options assist our people in pursuing family or personal interests, such as travel or study.

We also offer 14 weeks of paid parental leave. Ninety per cent of our people who go on parental leave return, 10 per cent above the industry benchmark. We offer these new parents on-site caring facilities, and a childcare information and resources service.

Our range of flexible work options are positive steps that deliver a healthy work-life balance for our people, while at the same time setting us up for sustainable success.

Getting agile

Work experience in a different team, state or country can be a great way to broaden talents and improve career prospects. At PwC, we have well-established domestic and global mobility programs, providing our people with a range of local, international and client secondment opportunities. This enables staff to move around in their careers and builds a highly capable pool of talent for our clients that can be moved up and around the organisation.

International experience is in demand from our clients and is highly valued in the increasingly global economy. We have offices in more than 100 countries and a number of long-term secondments become available each year. Domestically, we saw more than 50 staff per month experience new challenges across our eight Australian offices through a secondment or permanent transfer.

In addition, the firm encourages and supports those wanting to develop their careers by working in different areas of the business through internal mobility initiatives.

What do we offer clients?

PwC has a long-held commitment to delivering excellent client service. From large multinationals through to sole entrepreneurs, we are committed to listening and working with our clients to develop new insights, capture growth and create value.

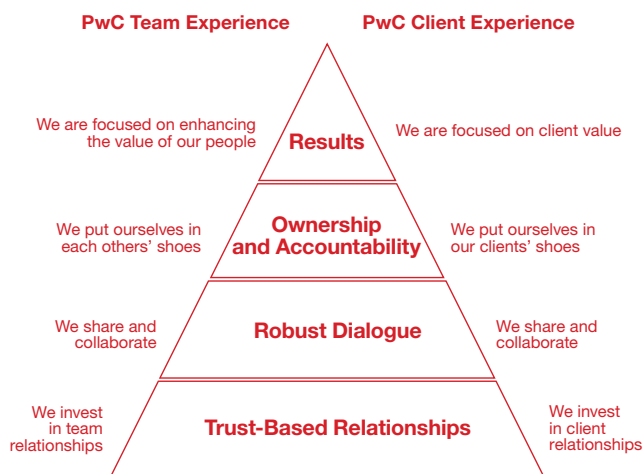
Slower global markets and an unpredictable business environment bring opportunities as well as risks to our diverse range of clients and their industries. Through collaboration, we assist our clients and their customers to navigate current conditions and prepare for the future. We aim to contribute in ways that make a real difference and have a positive impact on major business and social issues.

Distinctive service

In order to face issues in the current market, we strive to deploy the depth and breadth of our talent, passion, skills and perspectives so that internal and external relationships can be built and strengthened. We continually strive to improve our internal culture and performance, providing quality service underpinned by the behaviours that make PwC distinctive in the eyes of our clients.

To help deliver this, we launched the PwC Experience in 2006 as our core professional and cultural development program. It is embedded in everything we do and has been used as a model for PwC offices around the world.

The PwC Experience Framework



Diverse expertise

PwC Australia provides industry-focused Assurance, Tax & Legal and Advisory services for public and private clients in four areas:

- Corporate accountability
- Risk management
- Structuring and mergers and acquisitions
- Performance and process improvement.

Our global network provides access to many leading business specialists and ensures quality and consistency wherever our clients access our services in the world. In Australia, we are also the only Big Four firm to offer legal services to assist clients in negotiating the complexities of relevant legislation.

“Did PwC effectively stand in our shoes and take the ride with us? Yes they did; they were fantastic.”

John Cann, Project Consultant, Daily Crediting Rate Project, AustralianSuper

Relevant solutions

PwC's Assurance practice further cemented its journey to bring a deeper and broader approach to auditing in FY09 by rolling out connectedassurance*. This approach builds upon the PwC Experience and is framed around PwC's new global auditing platform, integrating solution and service innovation, client service delivery and dynamic resourcing and development. The worldwide launch of the new auditing platform began in Adelaide last year and drives the Assurance practice's commitment to delivering best practice processes, greater value and insights, and an unparalleled experience for our people and clients.

Several areas of our firm were restructured in 2009 to better address the changing needs of our clients. For example, as businesses became challenged by the continuing scarcity of debt finance and the need to reset to an optimum capital structure, PwC established a Debt and Capital Advisory practice. This group provides independent advice and support led by specialists, each with over 20 years of banking experience. Our Health practice also stands ready and committed to help health providers and government address the complex issues facing Australia's health system. CEO Mark Johnson is especially passionate about this topic and sits on the Healthy Taskforce of the Business Council of Australia.

While PwC advises some of Australia's top listed companies, we also invest heavily in providing personalised services to entrepreneurs and high-net-worth individuals through Private Client Services. We offer a Master of Business program, which facilitates networking among peers and provides deeper insight into topics of strategic importance to private business owners. PwC's Private Business Barometer examines the sentiment of small to medium private businesses and is used widely by the media, industry groups and government. It is the most comprehensive Australian survey of its kind, and Prime Minister Kevin Rudd provided the Government Overview for the 2009 report.

The firm's ongoing commitment to a comprehensive review and ultimate reform of Australia's tax system remained a key focus this year. PwC provided the government and community with effective consultation through a number of forums, including the third annual Australian Total Tax Contribution Survey; specific thought leadership pieces on topics such as stamp duty, ESS, GST and FBT; as well as regular tax reform updates for our client CEOs and CFOs.

Accountability

Our focus on creating and delivering the PwC Experience continues to resonate in the market, with the firm receiving numerous accolades and awards.

While we are proud of this, we recognise that we cannot become complacent and must continue to strive to improve and listen to our clients. Our client feedback program, ECLIPSE, was launched in 2001. In FY09, 86 per cent of respondents taking part in our client feedback surveys and face-to-face interviews rated us at least four out of five for overall satisfaction. More detail on these results can be found in the Facts and Figures section of this Annual Review.

The PwC Experience Awards were introduced in FY09 to identify and celebrate the teams and individuals who are leading the firm in delivering distinct experiences to their teams or clients. Over 200 nominations were received nationally and narrowed to 13 finalists. The four award winners were announced at a gala dinner in September 2008, with medals and cash prizes presented by Olympic gold medallist Leisel Jones.

Networks

We continue to expand our focus on helping non-executive directors (NEDs) access opportunities to engage with Australian and global leaders in a confidential environment. In FY09, 80 per cent of ASX 50 companies were impacted by our priority NEDs event program.

This year, the firm responded to feedback from ASX 100 directors and CEOs by investing in a nine-month highly tailored development and relationship program for ASX 100 CFOs. Hosted by PwC and facilitated by the Melbourne Business School and a variety of global experts, CFO Ascent helps participants broaden their skills and way of thinking to deliver greater value and insights to their leadership teams. This distinct program has received terrific feedback from a number of CFOs.

PwC also launched a business-based social networking website, PwC Connect, for our alumni and current employees in manager roles or above. The site is the first of its kind in Australia and aims to provide mutually beneficial opportunities for our current people, clients and the alumni community. Within 24 hours of the June launch, an impressive 16 per cent of the eligible population had registered.

Case Study

PwC brings Ram Charan to Australia

In an effort to consistently bring the best service and insights to our clients, PwC brought highly acclaimed speaker and business strategist Dr Ram Charan to Sydney and Melbourne to spend a week in dialogue with the Australian partnership and more than 115 clients. Ram has coached some of the world's most successful CEOs and has worked behind the scenes at many leading companies, helping them to develop, shape and implement their strategic direction. He was able to share insightful perspectives on what executives are currently facing around the globe; how they are adapting to the world economic correction; and how they are finding opportunities and positioning themselves for the upturn.

Ram began his discussions by framing the causes of the economic correction before putting the outcomes into context for CFOs, CEOs, boards and non-executive directors. Ram encouraged CFOs to play a larger role and educate their boards and management teams on how the financial system works, explaining trends as they emerge. He emphasised that all boards and CEOs need to understand how financial information impacts their business, their sector and the wider economy to ensure they can quickly respond to changes.

Ram also outlined the best approaches to building a strategic plan and highlighted the traits leaders will need to be successful in the new economic climate. Being able to ask the right questions, identify and use talent, maintain effective networks, reinforce accountability and stay focused on the bigger picture were some of the characteristics that topped his list of essentials.

Case Study

The importance of payroll giving

Payroll giving is perhaps the best kept secret in Australian fundraising and philanthropy. It is an easy, effective and meaningful way for business to support the not-for-profit sector. PwC listened to concerns from the not-for-profit sector on the limited breadth of organisations engaged in payroll giving and the disappointing uptake within each business. We collaborated with the Australian Charities Fund, Charities Aid Foundation, United Way and Centre for Social Impact to further investigate the issue.

The *Giving Business* report investigates why the take-up of payroll giving has not been stronger, both in relation to the number of businesses that offer the facility and the number of employees who participate when it is offered.

The results were launched in our Sydney office on the evening of Tuesday, 4 March. The Business Council of Australia highlighted the research with its members, and PwC shared the findings with more than 100 clients to increase awareness about the benefits of this channel of giving. Following the success of the payroll giving research, we intend to continue to partner with not-for-profit organisations to undertake further research projects.

For us, upholding corporate responsibility in our community means that the people of PwC are committed to playing a leading role in achieving a sustainable future: we hold ourselves accountable for our actions and promote responsible business practices; support the growth and development of our people and communities; and seek to minimise our impact on the environment.

We approach corporate responsibility from four perspectives, which we call the Four Quadrants — Community, Environment, People and Marketplace. By considering the wider impacts of our decisions in these areas, we are able to develop a comprehensive strategy that embeds corporate responsibility into all our business planning and processes.

Throughout this review you will have seen our corporate responsibility commitment in practice. Our progress to date reflects the engagement and commitment of our leaders. Our Corporate Responsibility Advisory Council is chaired by our CEO and has oversight across all of our corporate responsibility quadrants. The principles of corporate responsibility are embedded within the firm's strategy, policies, risk management framework, supply chain management, and recruitment and development practices.

Some highlights across our quadrants this year included:

1. Capacity building

We are best equipped to serve our communities by using our professional expertise to support participants in the not-for-profit sector – we call this capacity building. This work is undertaken either pro bono or at heavily discounted rates, and for the first time in FY09 the total value of such work reached \$15 million.

2. Our transparency agenda

We became the first professional services firm to participate in the Corporate Responsibility Index and benchmark our practices against 125 high-performing organisations in the UK, Australia and New Zealand. The findings have given us a starting point for measuring and focusing our efforts in years to come.

We are also the only professional services firm to publicly release independently verified greenhouse gas emissions accounts, which include targets for future emission reductions. The accounts disclose key learnings from the process that we hope will encourage and assist other organisations to adopt similar practices.

For the second year, we ran our flagship initiative, the Transparency Awards, with the Institute of Chartered Accountants in Australia and the Centre for Social Impact. These awards recognise and encourage improvement in the quality and transparency of reporting within the not-for-profit sector.

This Annual Review contains more of the firm's non-financial information than ever before.

3. Reducing our carbon footprint

We reduced our carbon emissions before offsets by 23 per cent in FY09, substantially exceeding our public target of a 10 per cent reduction. This was primarily achieved through a switch from air travel to video conferencing and a move to 33 per cent renewable energy.

We also achieved strong reductions in paper usage and, with the help of our building managers, reduced our waste to landfill.

How are we impacting our communities?

PwC Corporate Responsibility Partner Rick Millen discusses our changing world with Peter Shergold, CEO of the Centre for Social Impact; Peter Hunt, Executive Chairman of Caliburn Partnership; and Toby Hall, CEO of Mission Australia.

Rick Millen **How do you think recent economic developments impact the corporate responsibility agenda in Australia?**

Peter Shergold It will sort out the companies that are genuinely committed from those that have only picked up the term. What I think we will see, within the next five years, are companies that are genuinely committed to corporate responsibility and incorporate it into their internal and external strategy, taking it to a new level. The private sector needs to get back to the heart of corporate responsibility to restore its image in our civil societies. PwC, a leader here, is symptomatic of a company that understands that.

Peter Hunt In a recessionary environment, many people become a lot more thoughtful because problems are more visible and there's hope thoughtfulness will actually translate into better corporate thinking about social issues going forward.

Rick Millen **So the current environment might actually encourage more engagement?**

Peter Hunt Hopefully chief executives and boards will understand staff loyalty is something that is incredibly prized. You can destroy a corporate culture quite easily by making quick decisions in down times.

Rick Millen **Toby, what is the perspective from the not-for-profit sector?**

Toby Hall At the coalface we are seeing some organisations that have professed to be corporately

responsible pulling those budgets completely. You've got organisations where this is embedded and part of their strategy, and some organisations that are basically saying this has been a marketing tool.

My personal perspective on corporate responsibility is that it actually spans every behaviour of an organisation and, therefore, has to be embedded to succeed.

Rick Millen **How do you all feel corporate responsibility contributes to sustainable business success?**

Peter Hunt Your business, like my business, is a people business. When clients are interfacing with PwC people, at whatever level, I think it shines through.

Corporate responsibility develops a culture of enormous loyalty within a company. Every consumer that interacts with a company can see that internal culture directly through the people. If people actually believe in a company, it is so much more compelling. But this is intangible and I think a lot of companies struggle to put a dollar value against it.

Toby Hall I think, like Peter has said, the value of employees who like the fact their organisation has got a social heart is phenomenal. When you get an executive who's working in the private sector to visit a homeless service, it gives them a perspective that things are bigger than just their organisation. This makes people think differently about one another. That value is significant and is something more than just financial returns.

Peter Shergold There is no doubt in my mind that at the heart of the value to companies of corporate responsibility is long-term sustainability and reputational advantage. It undoubtedly makes it easier to recruit the best, and more importantly, it makes it easier to retain the best.

Rick Millen **Toby, what do you think really makes a relationship between a corporate and a not-for-profit organisation successful?**

Toby Hall One of the things business has to remember is that it is part of the community, and therefore when it does good in the wider community, it's actually doing good for itself. It's a virtuous cycle that needs to continue to build.

I think the days of getting financial donations are gone, to be honest. If you can't maintain a strategic relationship with a corporation and actually have them add value to you and you add value to them, then you're not doing what you should be.

Rick Millen **From the corporate side of the fence, would you both agree with that?**

Peter Hunt If you take the capacity of leading corporates to constantly adapt to better meet competition, and you combine that with the dynamism and social understanding of the not-for-profit sector, you've got something which is potentially incredibly stimulating.

It is not only fascinating, but capable of leading to thought change, and thought change can lead to paradigm shift, and paradigm shift can lead to a huge reduction in social issues.

Peter Shergold Social innovation will come out when you have an honest, transparent and equitable relationship between not-for-profit organisations, private sector companies and governments. And that's what we've got to work towards. That's where I see corporate responsibility moving.

Toby Hall Peter raises an amazing point there, and I think the heart of this is actually having respect across the government, non-profit and private sectors for one another's skills. It's about getting the relationships right, and those relationships start with trust.

To view Rick's full discussion with Peter Shergold, Peter Hunt and Toby Hall, please visit www.pwcannualreview.com.au

For a list of PwC's FY09 corporate responsibility metrics, please see the Facts and Figures section.

How are we engaging with the marketplace?

PricewaterhouseCoopers remains in constant dialogue with our clients and the wider business community about the issues affecting them. We invest a great deal of our time and resources in exploring these challenges and opportunities and bringing them to the attention of organisations, regulators, standard-setting bodies and the community as a whole.

Leading the discussion

PwC advocated from the beginning of the economic shift that businesses resist impulses to freeze investments and instead focus on making strategic investments. Throughout the year, we published a wide variety of documents to help investors, analysts and industry executives respond to the rapidly shifting environment.

In February, PwC's paper *The Day After Tomorrow* analysed emerging themes and models as financial services providers struggled to make sense of the credit issues underlying the global financial crisis.

The paper proposed that the distinguishing features of the new environment would be an accelerated shift of economic power to Asia; a simpler, more transparent form of banking; increased government involvement; a stricter governance structure based on national and international regulation; and the need for sustainable business models capable of moving financial institutions out of pure survival mode.

As the global financial crisis unfolded, we also rolled out our online response, *Challenging times call for questions that challenge*, which provided clients with a toolkit of webcasts, 10 fundamental priorities to focus on, industry overviews and global thought leadership. This was the same advice we used to guide our own internal practises.

In March 2009, PwC teamed with law firm Blake Dawson to propose that distressed debt could be the lifeline the Australian services sector needed to navigate non-performing loans and assets. Our joint guide, *Distressed Investing in Australia*, was the first of its kind and gathered interviews from a number of major financial players domestically and offshore in a dialogue supporting the development of a robust distressed debt and asset market in Australia.

For the first time, *Aussie Mine*, PwC's overview of the financial performance of the mid-tier mining sector, analysed half-year financial reports for the period up to 31 December 2008. This provided an early perspective on the impact of the global financial crisis on our mining sector. The **PwC Melbourne Institute Asialink Index** provided specific insight into Australia's engagement with Asia across a range of industries and economies.

PwC released the seventh annual *Australian Entertainment and Media Outlook*, which predicted continued growth in the entertainment and media industry through to 2012 despite the global economic instability. The publication provided detailed analysis of the unique social, technological, political and regulatory drivers that would influence consumer spending and advertising across 11 industry segments in the next five years.

In May, PwC's *Banking Perspectives* gave context and insight into the half-year earnings of Australia's four major banks. And as the federal budget was released, PwC responded the next morning with a range of expert commentaries putting the numbers into context and accelerating the debate on employee share schemes.

Our carbon survey, which we published in June 2009 as *Carbon ready... or not*, asked executives of 151 Australian businesses what they were doing to prepare for climate change, their motivations for acting and their views of the impact of the Carbon Pollution Reduction Scheme on earnings and investment decisions.

Shaping policy

The firm continues to work alongside government and major Australian organisations to enhance the quality and integrity of the country's business systems.

As chairman of the Tax Design Review Panel, PwC's Chief Operating Officer Neil Wilson helped form a series of tax policy recommendations, which were all accepted and reflected in the government's FY09–10 budget. The increasing complexity of Australia's tax system was further examined in a series of PwC's studies using our Total Tax Contribution framework. Partner Tim Cox and the broader firm continue to engage in this debate through submissions and further work on compliance costs commissioned to support the Secretary to the Treasury, Dr Ken Henry, in his review of Australia's tax system.

In July, PwC published *The Role and Practice of Investor Relations within Australian and New Zealand Listed Entities* for the Australasian Investor Relations Association. This survey explored current investor relations practices, preferences and trends. Represented by Partner Nick Ridehalgh, PwC also contributed to the Institute of Chartered Accountants in Australia's new **Broad Based Business Reporting** framework which aimed to stimulate discussion with the marketplace to achieve more consistent reporting of KPIs for industry sectors.

PwC's Assurance National and Markets Leader Richard Deutsch was elected **President of the Institute of Chartered Accountants in Australia** in 2009. He is currently working with leaders across the accounting industry to respond to fluctuating business needs in the wake of the global financial crisis.

Other partners who are currently members of industry and standard-setting bodies include: Mark Coughlin, **Financial Reporting Council**; Victor Clarke, **Australian Accounting Standards Board** (Partner Kevin Stevenson left PwC to serve as chairman of the board for FY10); and Valerie Clifford, **Australian Auditing and Assurance Standards Board**.

Such representation acknowledges PwC's ongoing contribution to innovation and adherence to regulation, positioning the firm at the forefront of shaping local and global developments.

Creating change

Improving transparency

Forty-four not-for-profit organisations entered the second annual **PwC Transparency Awards**, drawing from a broad cross-section of institutions. An increase in overall scores, coupled with a 20 per cent increase in participant numbers, reflects not only the community's appetite for these awards but the value it places on them.

The firm continues to invest time in providing some of Australia's leading analysts and key business reporters with a deeper understanding of financial reporting. Through facilitating discussions at the **Corporate Reporting Users Forums** and individual organisations, our teams help dissect technical issues and explain the best approaches to analytical interpretation.

Acting responsibly

Our firm is committed to monitoring, measuring, reducing and publicly reporting our environmental impact. In FY09, PwC increased use of video conferencing by 150 per cent, reduced paper usage by 24 per cent, began refining our environment management system to be in line with ISO 14001, and provided each PwC employee with access to an **online personal carbon footprint calculator**.

To become carbon neutral, we have made the necessary adjustments to our infrastructure and operations, invested in renewable energy and countered our residual emissions by purchasing accredited offsets. Our achievements in FY09 reduced our emissions before offsetting by 23 per cent.

We use the lessons we have learnt internally to assist the wider business community in reducing its carbon footprint. Our Sustainability and Climate Change practice advises a spectrum of clients on their environmental strategy and management approaches. The practice was named the **Lead Greenhouse Gas Advisory Group in Australasia** by *Environmental Finance* magazine in FY09.

The total value of our Foundation's capacity-building approach in FY09 was **\$15 million**, meeting the increased demand for support from our charity partners in the community. This work is undertaken either pro bono or at highly discounted rates. It is designed to support long-term social change through improving the ability of our charity partners and others to deliver on their missions efficiently and effectively.

Case Study

Leading Australia's health debate

The urgent need to meet the changing health requirements of Australians over the next 20 years was the subject of a National Health Forum, hosted in March by PwC and attended by leading local and international health experts.

Speakers included Dr Christine Bennett, the Chair of the National Health and Hospitals Reform Commission, whose interim report, *A Healthier Future for All Australians*, provided an important platform for the discussion.

Held in Sydney, the all-day session exceeded expectations in terms of challenging and evolving the nation's thinking on health. Attendees considered transferable lessons from international health system reform, with speakers from the Netherlands, UK and US sharing their experiences and perspectives.

The forum fostered active and lively debate and was a demonstration of PwC's ongoing dedication to the health sector. The firm's Health practice is led by one of Australia's pre-eminent health professionals, Mary Foley, and supported by a core team of more than 80 health specialists.



Facts and Figures

Angie McMartin, Manager

When not competing in international athletic events in her 'secret weapon' Australian flag running shoes, Angie uses her flexible work arrangements to train for her next personal goal. By coming to work at 7:30 am, leaving at 4 pm and taking off Fridays, she is able to balance her professional ambitions with valuable time in the pool and on the pavement.

Julie Coates, Partner

Since starting with Coopers & Lybrand in 1988, Julie has transferred between four of the firm's offices, ranging from Nottingham to Bermuda, and worked in all lines of service. In 2002, she advanced to partner while on parental leave for her first child. Since returning from five months of parental leave, Julie has worked in a variety of flexible arrangements that support her changing role as a mother.

Delia

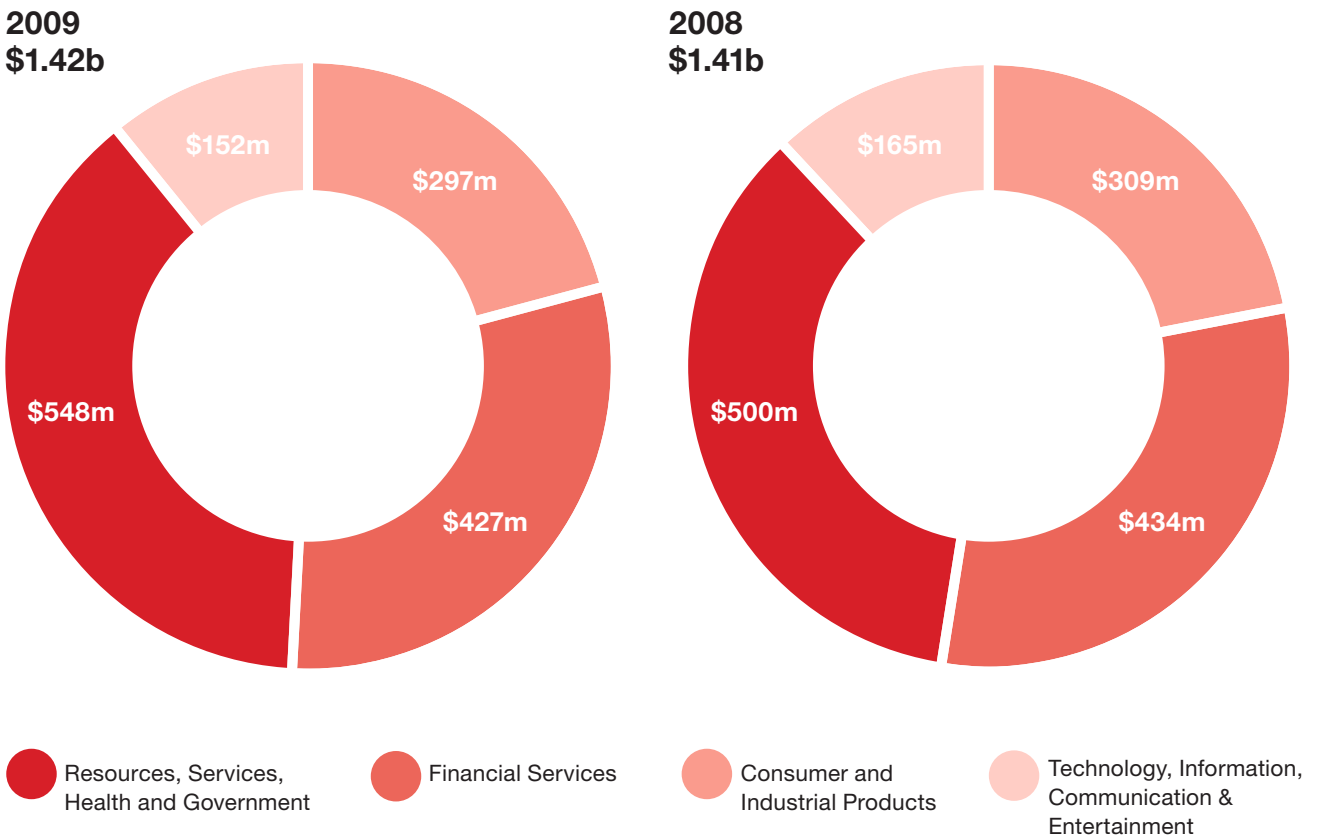


In the past year, PwC has set out to increase transparency as part of our corporate responsibility commitment. While we have performed better in some areas than others, we are continuously working to measure and improve performance across all aspects of our internal and external operations.

Our finances

Despite the challenging economic conditions, total revenue for FY09 was \$1.42 billion, up 1.1 per cent on 2008.

Revenue by industry



Fiscal year Revenue by industry (\$'000)

Industry	2009	2008
Consumer and Industrial Products	297,172	309,474
Financial Services	427,403	434,155
Resources, Services, Health and Government	548,028	499,869
Technology, Information, Communication & Entertainment	151,874	164,970
Total	1,424,478	1,408,468

Fiscal year Revenue by line of service (\$'000)

Line of service	2009	2008
Assurance	618,331	598,104
Advisory	365,442	364,835
Tax & Legal	440,705	445,529
Total	1,424,478	1,408,468

Our client feedback

Our client feedback program, ECLIPSE, gives strong indications that our clients appreciate our culture of continuous improvement. Between May 2008 and April 2009, we conducted 571 face-to-face client-care visits and received 886 online client-care surveys.

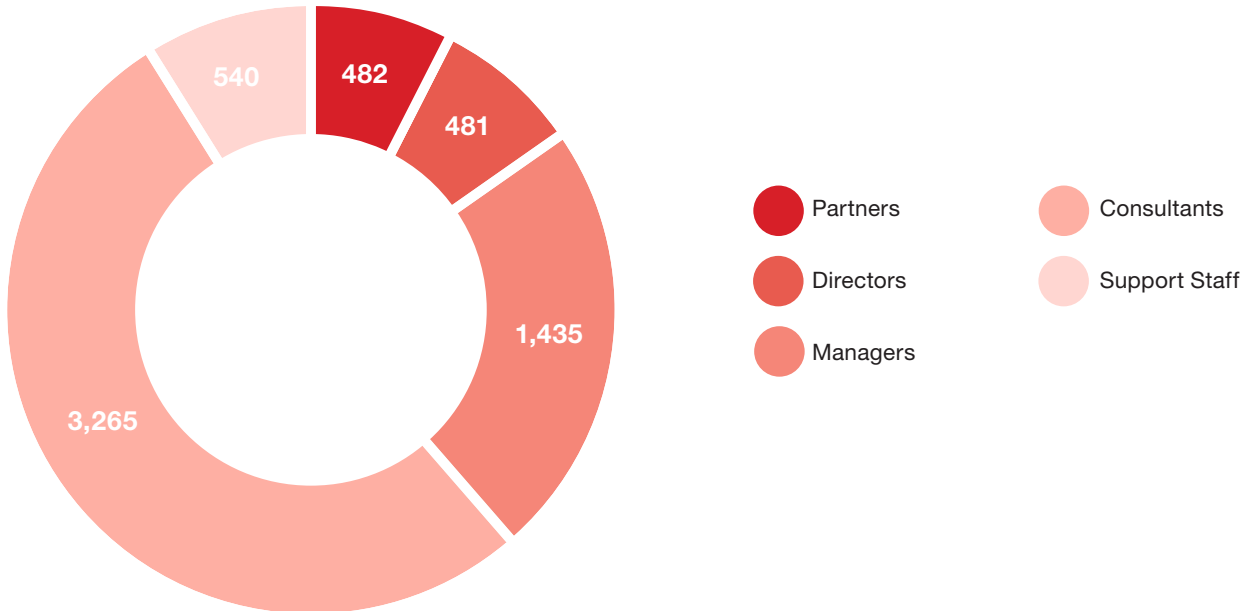
Our results were as follows:

- **19 per cent** of respondents rated us 5 out of 5 for both overall satisfaction and likelihood to recommend.
- **82 per cent** of respondents rated us at least 4 out of 5 on a client loyalty index.
- **86 per cent** of respondents rated us at least 4 out of 5 for overall satisfaction.

Our people

Total number 6,203

By grade



While we still have work to do, PwC continues to fortify our ongoing investment in developing our female leaders. Twenty-five per cent of our executive team is female, up from 9 per cent in FY07, and in FY09 we were recognised as an EOWA Employer of Choice for Women. We have increased the percentage of women in the majority of grades this year and currently employ an almost equal portion of females to males across the firm.

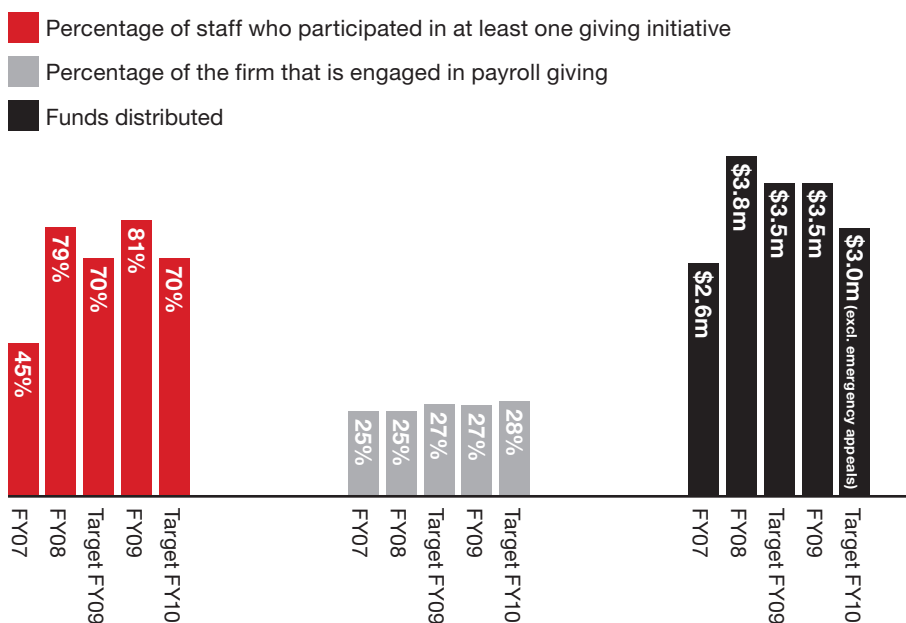
Flexibility by the numbers

Just over **1,060** of our partners and staff participated in eEquilibrium, our initiative to improve and support the wellbeing of our employees and their families. More than **1,100** of our people took advantage of the ability to purchase additional annual leave. Our people took **3,716** weeks of total paid and unpaid parental leave, and **90 per cent** of our employees returned to work after parental leave. More than **255** people came to Australia on secondment, and **157** of our people went overseas for a secondment. More than **3,500** of our people opted to take 10-15 days of unpaid leave to help ensure the fabric of the firm was preserved through the global financial crisis.

Engaging our people

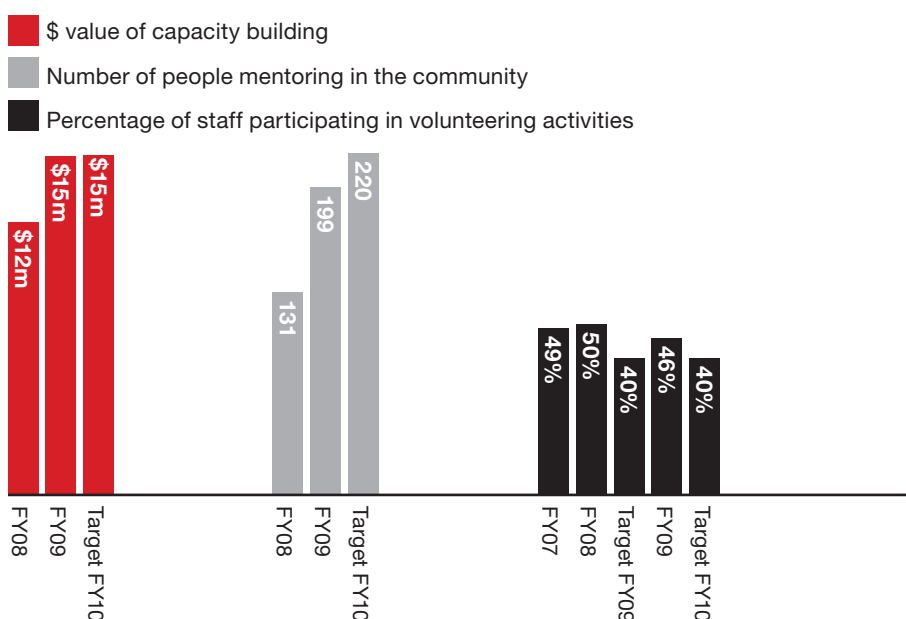
Our strategy continues to include financial support and volunteering, but increasingly we recognise that we can provide more sustainable value to our charity partners by leveraging our people's business skills and expertise through capacity building, mentoring and skilled volunteering. The increase to \$15 million in our capacity-building efforts is indicative of this shift in focus.

Giving



Fluctuations in giving patterns reflect the impact of one-off appeals in response to emergencies (e.g. the Victorian bushfires, the earthquake in China and the cyclone in Myanmar). The underlying trend in giving is upward.

Capacity building, mentoring and volunteering



In FY09, we shifted our focus towards enhancing the impact of strategic capacity building and mentoring – this is reflected in the strong increases in activity shown above. We are working to increase quality rather than quantity and therefore reduced our FY09 target for volunteer participation to 40 per cent. We do, however, remain committed to accommodating the demand from our people to volunteer and, as a result, exceeded this target with 46 per cent of our people undertaking a volunteering activity during the year.

Feedback from our people

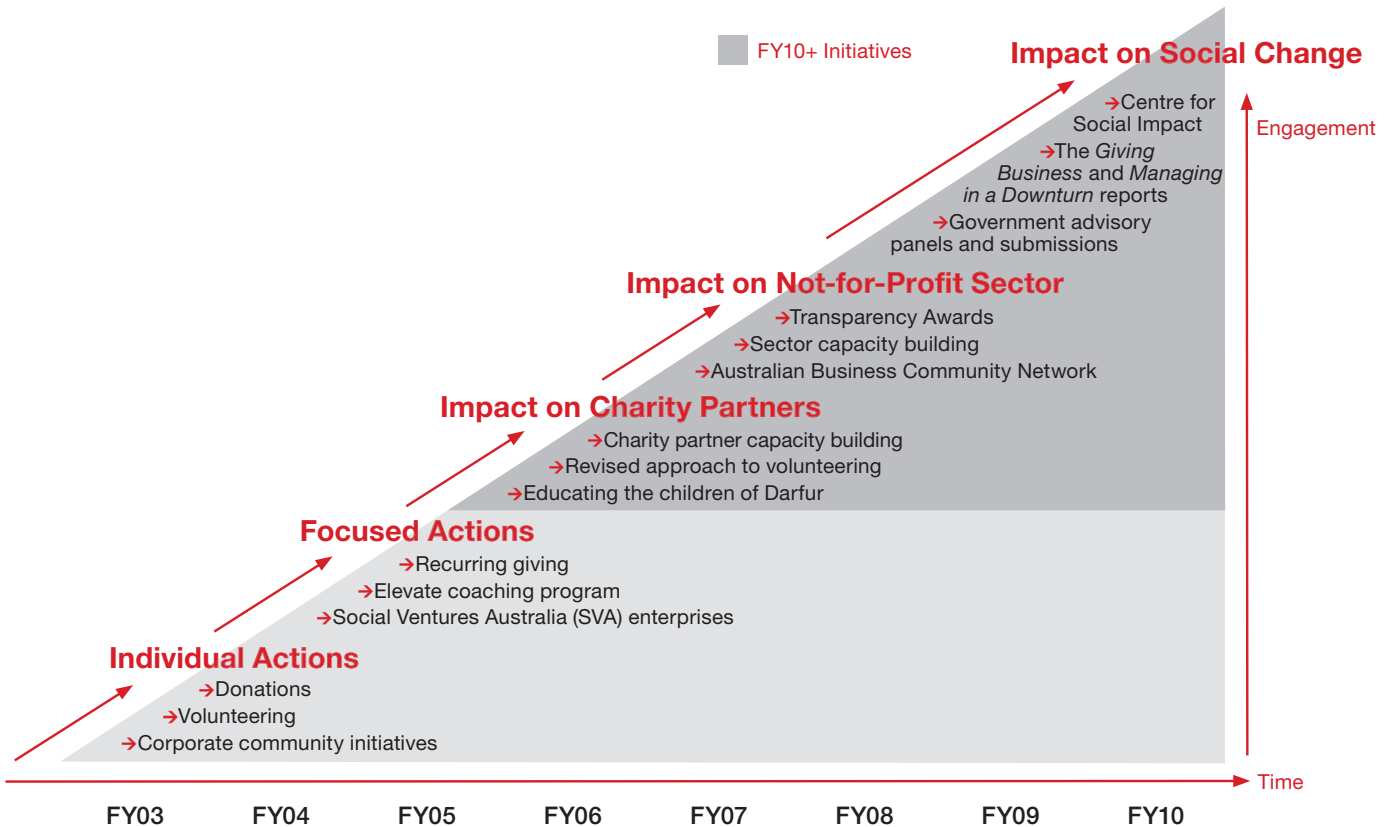
Every year our Pulse surveys provide anonymous insights into how our people feel we are doing as an employer. These are some of the FY09 findings:

- **88 per cent** of our people say they are proud to work at PwC.
- **80 per cent** feel they have the opportunity to work on challenging assignments that contribute to their development.
- **90 per cent** of our people are satisfied with the actions the firm is taking to be socially responsible.
- **76 per cent** of our people are happy with the ways in which PwC is addressing its impact on the environment.

Engaging our community

Our aim is to make a positive and sustainable impact on the communities in which we live and work. This approach requires deep relationships with our 23 charity partners, so that we can understand and support them in achieving their goals.

We are working to leverage our skills and position in the business community to impact on social change. The evolution of our approach to community engagement over the six years since the PwC Foundation was established is demonstrated below.



Corporate Responsibility Index (CRI)

The CRI is a voluntary tool developed to assist companies in improving their corporate responsibility practices. It provides a systematic process to identifying non-financial risks, as well as developing and improving corporate responsibility in line with business strategy. The CRI sets a benchmark for companies that are committed to managing, measuring and reporting their impact on society and the environment.

PwC was the first professional services firm to participate in the CRI and publicly report our results as part of our commitment to the transparency agenda. We were ranked **23rd out of the 35 Australian and New Zealand participants**, giving us a strong foundation on which to build our continued involvement. It highlighted our strengths – for example, we scored **98 per cent for our Community Investment performance** – in addition to confirming that the areas we were focusing on within our FY09 corporate responsibility strategy, such as our environmental practices, were the right ones.

Environmental footprint

At PwC we are committed to managing our impact on the environment. As evident in the table below, our strategy to reduce our carbon footprint is to first reduce our impact, then supplement with renewable energy sources and, finally, purchase accredited carbon offsets for any residual emissions.

We publicly disclosed targets to reduce our carbon emissions before carbon offsets by 10 per cent in FY09 and by 25 per cent over four years. We have substantially exceeded our first-year target, reducing our emissions by 23 per cent and almost reaching our four-year target in one year. This partially reflects the impact of cost-control initiatives introduced at mid-year, but also corresponds to the introduction of new tools to encourage behavioural change in our people.

The most significant changes achieved were an increase of over 150 per cent in the use of video conferencing and a reduction of 24 per cent in paper usage, primarily through the introduction of default double-side printing.

Greenhouse gas emissions	FY10 target	FY09 result	FY09 target	FY08 result
Greenhouse gas emissions (tonnes CO _{2-e})	**	28,661*	33,570*	37,300
Greenhouse gas emissions per FTE (tonnes CO _{2-e})	**	5.46*	5.55	6.43
Internal firm air travel ('000 km)	28,636	30,791	34,144	40,170
PwC portion of base-building waste to landfill (tonnes)	274	288	316	333
Paper consumed in our printers and copy centre ('000 sheets)	37,843	39,835	44,036	51,806
Electricity from renewable sources (%)	66	33	33	0

*These figures include the purchase of renewable energy but do not include purchased accredited carbon offsets.

**Our greenhouse gas emission targets will be set once the emerging renewable energy and emissions trading legislation and proposed standards have been finalised. The targets will be made publicly available in the release of our PwC Greenhouse Gas Emissions Inventory Report.





We focus on client value

We invest in client relationships

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